

**New Jersey's Clean Energy Program  
Energy Efficiency Committee Meeting  
Thursday, June 10, 2010  
Hosted by Honeywell – BPU, Trenton**

**Attendees:**

Mike Ambrosio (AEG)	Mark MaGrann (MaGrann)	Joe Gennello (Honeywell)
Mike Winka (NJ BPU)	Roger Kliemish (TRC)	Kimberly Hoff (CSG)
Dave Wolk (Honeywell)	Maria Grazul (CSG)	Carmen Diaz (BPU)
Dawn Chaplin (Honeywell)	Brian DeLuca (TRC)	Anne-Marie Peracchio (NJNG)
Siraj Shaikh (JCP&L)	Bob Kudrick (NJNG)	Julie deSeve (CSG)
Dave Holland (Honeywell)	Jamal Garner (NJ BPU)	Gabe Nathanson (NJ HMFA)
Ashley Miller – (TRC)	Janja Lypse (CSG)	Yennaira Ortiz (Honeywell)
Bill Holmes (SJG)	Sam Valora (SJG)	Bruce Grossman (SJG)
Brian Bovio (Bovio Heating)	Peggy Galos (NJ BPU)	Scott Needham (Princeton Air)
Jill Sherako (EH&CC)	Reynolds Dods (Compound Profit)	Brian Dolan (Intellidyne)
Greg Kilmer (Princeton Air Conditioning)	Frank Dewitt (Alternative Energy Associates)	

**Via Phone:**

Mary Sheehy (NJ HFMA)	Elaine Bryant (PSE&G)	Jay Murdach (Well Home)
Angela Bitner (EFS)	April Guillerme (Comm LLC)	Diane Zukas (TRC)
Nikki Kuhn (VEIC)	Karen Paine (TRC)	Carmen D. Diaz(NJ BPU)
Nancy O'Brien (EFS)	Sharon Wolfe (NJ BPU)	Cheryl England (Etown)
Ed Hutchinson (Hutchinson)	Dana Irlacher (NJ HFMA)	Mona Mosser (NJ BPU)
Diana Deangelis (Pepco)	David C Pirtle (Pepco)	Deane Evans (NJIT)
Linda Wetzel (AEG)	Clif Payne (CMC)	Tom Pecora (Honeywell)
Kim Ehrlich (NJ EDA)	Kristin DelPino (CSG)	Darren Port (DCA)
Scott Schoen (Beehive Heating & Cooling)	Rodney Cateon (Sanders Trade Services)	Thomas Szarawarski Jr. (ENERActive Solutions)
Mary Ann Graham (ICF/ EPA ENERGY STAR )	Alice Napoleon (Synapse Energy Economics) (Representing Rate Counsel)	Randy Solomon (Sustainable Jersey)
Jackie Markus (Spieziele Architectural Group)	Arthur Pearson (The E Cubed Company, LLC)	John Donohue (Fuel Merchants Assoc)

**Introductions**

**Program Coordinator and Regulatory Updates**

Presenters: Mike Winka, Mike Ambrosio

1. Mike Winka - Skipping over the typical review that is done during the initial part of this monthly meeting.
2. There is a budget crunch and there are numerous programs that are temporarily suspended until they can get a budget proposal in front of the Board on how to stretch the programs until the end of the year based on projected activities (i.e., Home Performance, Renewable Energy Incentive Program and some of the Commercial and Industrial Programs suspended).
3. Additionally, all of the programs have budget pressures rolling from the first revision in the 2010 plan.
4. There are other activities going on in relation to this as well with the Federal Funding and E3 funding; they are all sort of in flux to try and move things along to try and get through the 2010 budget year without anymore changes or suspensions. Goal is to make adjustments to not have to come back for a Round 3 revision to the plan.

5. There are a lot of discussions going on, on what will happen to the program in 2011. They are not ready to have those discussions yet as discussions are still internal. They are talking to the utilities and some of the other state agencies on how to move forward with a competitive process or a utility managed program. Should be coming shortly with some discussions.
6. Mike Ambrosio – A notice had originally gone out saying that the Board would be considering proposal on the June 28<sup>th</sup> agenda and it has been moved to the 18<sup>th</sup>. Honeywell and TRC made proposed changes that went out on the listserv and on the website earlier this week. Comments are due by close of business on Monday, June 14<sup>th</sup>. Recommendations will have to go to the Board next week in order to be ready for the 18<sup>th</sup>.
7. Anne-Marie Peracchio (NJNG) – Has there been any consideration with regards to NJ Shares? Mike Winka said no, this has not been determined yet. Comments made about fiscal vs. calendar year. The Appropriations Act will give the BPU the authority to spend half of the Clean Energy money for calendar year 2011. The discussion is then, can those dollars move and where do they move from in calendar year 2011, SBC. Soon there will be a decision on fiscal vs. calendar year.

8.

### **Utility Updates and Integration**

1. Bruce Grossman (SJG):
  - a. On the Home Performance with ENERGY STAR ® side he does not have the final May report. Based on the April report:
    - 1,059 loan applications received
    - 419 loans approved
    - Over 200 sold
    - Over a 1K in app stage.
  - b. Enhance Rebate Program – Intend to pay first checks out Friday, June 11th. Sent letters out to approx. 1,200 WARMAdvantage customers advising them of potential eligibility for this program.
  - c. On Commercial side in their territory:
    - 33 applications for Direct Install with 22 approved.
    - 34 applications for SmartStart with 24 approved.
    - 16 applications with 12 approved for Pay for Performance
    - LEAP – There are applications for approx. 280+ buildings and approx. 177 applications approved.
    - Commercial Loans – First is to go soon for a large comm. and this is for Summerdale. Joe Gennello asked what the target is noting a 1k loans noted. Bruce responded the original target 300+ and that already through May they already have approx 280. So overall very successful. Also noted that for every 3 HP audits done in NJ, 1 is in the SJG territory. Joe Gennello followed up asking what happens when they reach their goal. Bruce responded that SJG would be very interested in having a workable methodology to help the budget situation. Noting they would have to have a Board Order to do that. Bruce emphasized that SJG would support any plan that is executable and workable solution.
2. Bob Kudrick (NJNG) – Enhanced Rebate Program - Conducted 2,360 Home Performance audits and have paid out over 2,200 rebates. In Home Performance they have about 149 0% buy downs that they have completed with about 350 in the queue. NJNG had a higher goal as they were expecting to see more activity in that area, but they are seeing a lot more activity in the rebates. In the seal up processes, they have been going back to those customers in last couple of weeks and have completed in the mid 80's so far. NJNG committed \$7M to Home Performance and just received the first invoice from Honeywell to do payments. For Direct Install they are working with TRC - Mike Winka added that the BPU is working with Jim Nappi on monthly system set up to get it up and running and that NJNG is the first test case. The goal is to see everything on a monthly basis.
3. Cheryl England (Etown) – Currently on the residential energy efficiency side they have a total of 426 participants broken out by their thermostat and their Cost Cutter kits. 92 for Cost Cutter kits. With furnaces they have had 93, \$900 rebates and 44 boilers and another 48 water heaters. 34 loans to date with 8 being in month of May. On the Commercial side: About 13 small commercial heating pending with 3 paid. 5 pending on the small commercial water heating and paid 1. On the large commercial side: 10 on the heating side pending and 22 for the water heating. They have not paid out any large commercial rebates as of yet and they are working with TRC on this to get them paid out. They are also doing a mailing to their C&I customers on behalf of TRC to obtain interest on the free benchmarking.

4. Elaine Bryant (PSE&G):
  - a. Whole House Program – Treating about 450 customers a month. They are where they planned on being from a budget perspective. They have used approx. 30% of this year's budget and still ramping up to expend budget by end of year.
  - b. Direct Install - Small business segment is the only one that still has capacity left at about 50%.
  - c. The Municipalities is full committed and applications that come in will go on waiting list, but really no hopes for being treated this year.
  - d. The Hospital Program is fully committed.
  - e. The Muti-Family Program has a pipeline that has it fully committed for this year.
  - f. Data Center Programs are fast approaching the same situation.
  - g. Overall C&I programs are almost fully committed as far as the dollars, with still work to do.
5. JCPL – Does not have any programs approved.
6. Scott Markwood (O&R) – They have 1 participant in the Enhanced Rebate Program. Worked with Honeywell and TRC to get a list of contractors that are available and will to commit to doing the energy audit and are in the process of making that available to their customers. They are also in the process of contracting a Low Income Weatherization provider on board and will be launching shortly. Also behind the scenes working on getting the online software up and running.

## **Commercial/Industrial Programs**

Presenters: Roger Kliemish (TRC)

Presentation/Handout – C&I Market Manager EE Meeting Presentation June 10, 2010

1. New Construction and retrofit numbers are very high. Lots of activity. Almost double in some of the areas and this will be impacting some of the recommended changes for the remainder of the year.
  - a. They give credit to some panicking with recent suspensions to the very large incoming amounts.
2. Mike Ambrosio questioned about the earlier concerns about prevailing wage, tax certificates and some of the other requirements that the state imposed that were really going to slow things down and wants to know what the actual activity stimulus is as we are seeing the opposite. Asking specifically if it is mostly concerned about program status. Roger responded that that is exactly it as contractors are using this as a selling tool (there are funds there now and their may not be later) and people are making quicker decisions and moving ahead. Mike Ambrosio followed asking if they are seeing different types of projects? Brian DeLuca responded lighting is still coming through, but they are seeing different ones and also some larger ones as people are unsure about the incentives. There is a big sales pitch with the suspensions.
3. Pay for Performance – One program taking off slower than expected is the Pay for Performance. Only 4 approved. This is a big undertaking to get plans in and approved – long time from start to finish (e.g. 4 to 6 to 8 months). The approx. 100 partners they have are out there are generating leads. It is just a long process to approval.
  - a. Applications and ERP's continue to arrive
  - b. Cumulative statistics through May, 2010
  - c. 123 applications received (for both existing and new construction) of which 93 have been approved (remaining under review).
  - d. 31 ERP's received of which 8 have been approved, the remaining are under different stages of review
  - e. ERP's to date averaging ~ \$350,000
  - f. Average project is about \$830k, incentives about 40% of project cost
4. Pay for Performance – Recommend moving money out of this program. Based on the queue's they think there is additional monies they can move over. There is a delicate balance here though
5. Direct Install:
  - a. This program slowed down with only 4 jobs completed.

- b. It was accelerating rapidly to installations. Once the plug got pulled customers who had the approved energy assessments done and had proposals were able to sign and go ahead. They had to go back and do a bunch because they were done with out prevailing wage, but all caught up now.
  - c. Project submittal volume increased significantly with resolution of Prevailing Wage issues
  - d. \$2.5M - projects currently being installed (up \$600k from last mo.) May to June increase of \$600K in incentives. Not many people dropping from this program.
  - e. \$1.4M - submitted and pending approval
  - f. \$5.0M - pending customer signature and approval, up \$3.9 million in one month. Mike Ambrosio asked if proposals are fairly secure. Roger responded stating over 90% do happen.
  - g. \$8.9M - (64% of \$14 million incentive budget, from \$4.3 last month)
  - h. \$1.7M - 116 contractor leads with a good likelihood to commit
  - i. \$10.6M of the initial \$14M (76% of Program budgeted incentives)
  - j. Overall, rapidly increasing critical mass. Watching very closely and communicating with contractors.
  - k. Mike Ambrosio asked if they knew how many of these projects applied to Block Grants? Roger did not have the number, but said he could get it.
6. LGEAP – Is near its budget limit. It is so close that they approved applications yesterday and may not be able to do so today. With various events in place they to continue to get people through the door. Block Grants will also stir up interest. Watching this budget closely and have recommendations on how to help this situation.
- a. Cumulative results through May 2010 (Inception to Date)
    - 2,375 applications (one per building) received
    - 1,293 applications (buildings) approved
    - 981 buildings with audit reports received
    - 781 building audit reports reviewed and approved
  - b. Other info
    - 200 audit reports currently under review
    - Average incentive committed per building is \$6,460
    - Total incentives committed + paid = \$7,802,868.04
7. TEACH – Solid program and will hit goal.
- a. Districts Enrolled in 2010 - West Orange, Nutley, Newark, Cape May County and Chester
    - 22 pending schools for benchmarking
  - b. Bench markings Completed – 27
  - c. Others Being Enrolled - Jackson, Hopewell Valley, Ridgely Park, West Morris, Washington Twp, Hillsborough, Bernard's Twp

## 8. Proposed Budget Changes:

- a. Reallocate \$10 million from the Pay for Performance (Existing Buildings) budget to several programs. They feel this is acceptable at the rate of current activity.
  - Retrofit - \$3 million,
  - New Construction - \$1 million,
  - LGEA - \$2 million and
  - Direct Install - \$4 million.
- b. If the Direct Install budget is increased, a percentage of the new funding should be earmarked for local government entities (e.g. 60%). Mike Ambrosio says he read this differently thinking they were looking to reserve some of this \$10M that is on the table for Local Gov't. Are they talking about only if additional money comes in over the \$10M or are they talking the \$10M proposed? Roger and Diane said it is both.
- c. Mike Ambrosio stated there is about \$8M in CORE scrubbed projects and proposing \$5M of that for Direct Install on top of the \$4M noted here. They are keeping a close eye on the Direct Install Program. We do not want to run out of money. Roger responded said they will be communicating weekly updates.
- d. Randy Solomon (Sustainable Jersey) – As we coordinate the rollout and give guidance to the municipalities on how to enter into the program we can calibrate the rate in which they come in. If we try to do a big blitz, they probably will all come in together. However if we think about a different way to leverage the funds, we can look at how we do our marketing and outreach.
- e. Mary Sheehy (NJ HFMA)– For the Pay for Performance decrease of \$10M from the budget are they accounting somewhat for the possibility of the MEAP Program (multifamily) still moving forward on a smaller scale? Mike Ambrosio responded saying the Pay for Performance is the big unknown right now. He thinks there is still approx. \$35M not committed. It takes time to get through to the end and we want to make sure we do not go through that whole process and find out in the end there is no money. Watching it very closely.
- f. Decrease marketing budget by \$50K - \$30K from direct marketing and variable contingency, \$20K from fixed labor.

## 9. Proposed Incentive Changes: Stretch the budget further and still have effective programs.

- a. Prescriptive Lighting Incentive: Makes up most of the applications received each day.
  - 1) Reduce T-12 (there is a lot of Fed. Push to phase out) to T-8 incentive from \$15 to \$10 - About  $\frac{3}{4}$  of the applications do include lighting. About 80% of those include some form of a T-12 to a T-8 retrofit. When you add this up, it is a fairly significant number.
- b. Eliminate the Multiple Measures Bonus – They see lots of applications with lighting and lighting controls. There is enough interest without us stimulating it.
- c. Direct Install Changes for LG Entities - Eliminate the 200 kW maximum monthly peak demand threshold for entities that are also receiving an Energy Efficiency and Conservation Block Grant
- d. Direct Install Changes for ALL Entities:
  - 1) Incentive/Customer cost split reduced from 80/20 to 60/40
  - 2) Reduce project incentive cap from \$80K to \$50K on a project level basis.
  - 3) Maintain entity incentive cap of \$250K.
  - 4) Market Manager has the discretion to approve applications that exceed the maximum monthly peak demand threshold of 200 kW by no more than 10%.
  - 5) Mike Ambrosio asked Roger to talk to Fred Hauber on this in the next day or so. Fred was not on the call to comment. If approved going to the 60/40 and reducing the cap there will need to be a plan on how and when to implement. Mike is looking for an implementation recommendation. On the 10% flexibility on the cap, he said he has been thinking about this for 2 days and has not come up with an idea but he know the lawyers are going to ask for decision criteria. He asked for any thoughts on what the standard would be and how to present.
  - 6) Anne-Marie Peracchio (NJNG) – Overall noted the need for controls. Roger responded that they do have some ideas and do have the same concerns and wants everyone's input.

- 7) Randy Solomon (Sustainable Jersey) – How we communicate the changes is key.
- 8) Elaine Bryant (PSE&G) – Wanted to reiterate that on the municipality side, it is not a blanket anything, any size. They are going to those that are over 200kw and looking at the measures and making sure they are cost effective and trying to discourage the larger jobs because they chew up so much of the funding. The small business segment is limited to UEZ's. The Municipality program was always open and that one is filled up.
- 9) Anne-Marie Peracchio (NJNG) – Asked that everyone to make sure to keep then utilities in the loop.

## **Residential Programs**

Presenters: Dave Wolk and Joe Gennello

Handout: Residential Programs Progress toward Goals Statewide Results YTD May 2010 and Home Performance 6.10.10

1. COOLAdvantage – Under goal - Normally we would see a big carry over, but last year was a soft year so we are not seeing as much. At the current rate, by July we may see up to 600 applications a week. Activity partially due to an EHCC sent out a letter to over 4K contractors. Email blast to go out this week as well.
2. WARMAdvantage – Strong program. We are also developing a back log of ARRA applications in that are not yet showing on these reports.
3. Room AC just kicked off. About 300 applications in house as of right now. Volume depends on the weather.
4. Clothes Washers are above goals. Mike Ambrosio noted that with the drop in incentive we may expect to see a slow down.
5. Energy Star Products – Continues to be strong. The ARRA programs (clothes washers, dishwashers and refrigerators) are scheduled to repeat in July and August as well.
6. Dehumidifiers – Slightly above goal.
7. CFL – Doing well and above goal.
8. Appliance Recycling – 3700+ processed and more picked up to be processed, still under goal
9. RNC – On target for both enrollments and completions.
10. Home Performance (Julie deSeve):

<b><u>Pipeline Summary as of May 31, 2010</u></b>	
<b>Work Scope Approvals - in queue*</b>	<b>1436</b>
Loan involved	56%
Cash back	44%
<b>Work Completions</b>	<b>1458</b>
Need review for QC/Processing	18%
Issues - contractors notified	0%
In queue for processing**	21%
QC to be scheduled	9%
QC Scheduled	11%
Failed QC - contr. notified	9%
Air Sealing only - in queue for proc.	32%
*Last month = 2383	
** Last month = 35%	

<b><u>Processed in May 2010</u></b>	
<b>Work Scope Approvals sent to contractors</b>	386
<b>Air Sealing Jobs only - Compl.</b>	61
<b>Comprehensive Work Scope - Completed &amp; Processed</b>	308
<b>Average Work Scope Approved</b>	\$ 14,651.00
<b>Average Customer Cash Rebate</b>	\$ 6,038.00
<b>Average Buydown - all territories</b>	\$ 3,101.00

<b><u>Loan Activity - Up to May 31, 2010</u></b>		
	<b>May-10</b>	<b>PTD</b>
Approved	123	728
Denied	56	885
Sold	98	758
Withdrawn	71	359
Pending	2	9
Pre-Approved	61	1,306
<b>Total</b>	<b>411</b>	<b>4,045</b>

- a. Dana Irlbacher (NJ HFMA) – Are the loan denials the \$10k or the \$5k? Per Julie it depends on when the app was sent in. The loan piece is still \$10K if submitted before April 26th.
- b. Sold means completed and projects are closed. Approved is not completed yet. Mike Ambrosio asked for a subtotals and a different format.
- c. Bruce Grossman (SJG) – Based on the invoices that they approved to pay to release to EFS, over half came from SJG. Again, stressing that SJG welcomes any conversations on how to keep the program moving forward.
- d. Contractor in audience asked if a customer knew the ramifications and risk, could they still start project without pre-approval without being penalized. Meaning if the program comes back. they will be able to move forward on incentives and not be ineligible because they did so without pre-approval. The answer was a qualified yes, since loan approval may depend on work not being started. This must be communicated to the customers clearly that it is at customer's own risk and that the program highly recommends waiting. Joe Gennello asked staff to revisit program guidelines on this and send an email out to all the contractors.
- e. Contractor on the phone stated he is having difficulty manipulating some of the work scopes to meet the new 25% threshold and he is curious if there are any numbers on how many contracts are not going to qualify because of the threshold. He would like to know if he us not doing it right or if this is a more common issue. Julie responded that of in the ones they reviewed in May about 35% met in the first review and they gave contractors an ability to resubmit the others. Out of all the re-submittals they received they all were able to get the increase. No number of how many/what percentage that was though. We do know some will not.

11. **Proposed Program Changes** (Joe Gennello – Honeywell) – We currently have the Home Performance with ENERGY STAR® Program temporarily suspended so the Market Manager looked at all the energy efficiency programs and have the following suggestions:
- a. Eliminate the QIV Program.
    - 1) Mona Mosser (BPU) wants to hear more about eliminating QIV – what does that mean? A pilot was performed last year for about 700 units which ended in the proposal of 4,500 units and in last go around it was reduced to 750 because it had not yet started. Now the proposal is zero.
  - b. As the COOLAdvantage Program is running at about 30% behind, even though we are encouraged by recent pick up, the suggestion is to reduce the estimated quantity of units expected by 25%. Also suggests reducing the COOL contingency. Note: Are keeping the WARMAdvantage Program and WARM contingency, partly due to feedback from utilities on their Enhanced Rebate Programs.
    - 1) Proposing to use some if the SEARRP funding for WARM and COOL incentives.
    - 2) Mona stated she had a long conversation with Andre Javier-Barry about whether or not moving it would fly. Mona says she has a better understanding of their points now and would like to discuss. Mike Ambrosio requested that they do today or tomorrow. Joe Gennello would reach out to Mona.
  - c. Reduce Solar Domestic Hot Water Heater quantities significantly. Contractor asked why. Joe responded saying that one of the many things they look is whether or not it has been fully launched as it is easier to an extent' to do this to one that is not launched. Dave Wolk says feedback for this program from the contractors is there is not much interest overall on these electric backup units. The gas back up units are covered in SEEARP program. The contractor wanted to make note that there really is an interest.
  - d. Aggregate reduced admin and processing fees.
  - e. RNC – Eliminate contingency dollars. By reducing this and the aggregated processing and administration fees, altogether freeing up close to \$1.7M
  - f. CFLs reduced.
  - g. Reducing the Appliance Recycling Program - Doing fairly well, but not hitting targets though. Going to reduce to match the current run rate. Mike Ambrosio asked about the program dollars since some are NJCEP and some ARRA. Joe Gennello said it is only the homeowner that the ARRA monies go to. So most savings on NJCEP. Reduction also in aggregated processing and administration fees. Approx. \$4M in savings.
  - h. Home Performance – Proposing budget increase of \$13.7M. Representing about \$12.4M in incentive monies from the above proposed savings from changes to the energy efficiency programs noted above. Also utilization of NJNG money of \$7M for their customers of Tier 2 and Tier 3 incentive monies. Includes \$900 SEP funds to pay Tier 3 incentives. Increasing processing fees by about \$1.3M.
    - 1) Home Performance Program Changes:**
      - a) Eliminating the temporary suspension on accepting new applications.
      - b) Eliminate the 0% buy down in the PSE&G territory. Right now the gas utilities offer a 0% interest free loan, with the exception of PSE&G for which NJCEP is covering it.
      - c) Instituting caps of some sort – Either in the amount of applications or applications received in a month. At this time, we still do not know where we are with the budget because we are still processing applications. However, we will know shortly though, so we need to figure out what we have, what we plan to have and come up with a mechanism that allows us to plan through to the end of the year.. Plan to create a plan to be able to keep this open to the end of the year. This would be about 400-450 a month.
      - d) Mike Ambrosio - Noted how \$12M was added last month, plus this new proposal, and NJNG monies - he thinks this is it; all the programs are tapped and stressed that in his opinion, we won't be able to find more funds after this time.
  - i. Also reducing marketing of \$185K of fixed and variable.

j. Also suggesting that if any part of a job is ARRA that a 100% of the job should be funded by the ARRA Program. Noting right now the split caused issues. Bob Kudrick (NJNG) - He likes to suggest that for NJGG also does the same. Joe Gennello said that was the plan

k. **Comments to Proposed Changes:**

- 1) Bruce Grossman (SJG) – On Home Performance with Energy Star - What kind of combination of incentives will be put forth in front of the Board? Per Joe Gennello, there will be no incentive changes other than what was previously adopted. In other words, what was left as of by May 6<sup>th</sup> (i.e., \$5k).
- 2) Mike Ambrosio wants to hear from the contactors on the proposal to do away with the loan buy down in the PSE&G territory reiterating the proposal just stated by Joe Gennello and asked if they prefer no PSE&G or reduce the rebate even further. Mike stated he personally, would rather see the incentive go down because he likes the financing piece. But stressed he wants to hear from the contractors.
  - a) Brian Bovio – The loan, in many of the contractor's mind, is their biggest success, so he does not believe it is the right decision. Especially if you are only doing one territory. Commenting that his company's ads are spread out over territories. Overall, multiple issues that go along with this. Brian believes the incentive reductions are more tolerable.
  - b) Joe Gennello (Honeywell) – Repeated what Bruce Grossman (SGJ) had gone over earlier stating that SJG had 280 closed and sold in May alone. Mike Ambrosio asked what happens when they hit the goal number. Bruce Grossman again implored the Management of BPU for a meeting to quickly move funds to continue the success of this program, noting that they have received over 1k loans and is sure it will still go up even though the program is suspended. Again, he commented that 1 out of 3 of Home Performances loans is in the SJG territory and that they have a capacity of over 1,900 contractors doing it.
  - c) Mike Ambrosio – Again asked, with an either/or decision what would you do?
  - d) Brian Bovio says some people just do not have the money and need the loan.
  - e) Another contractor added that out of his current 20 jobs approved, only 3 are cash jobs. They have no cash flow right now and it is killing them. Reality is that they have to sell cash jobs because they have too. Added thought, there are less people out there with the cash.
  - f) Joe Gennello said these are all great points. He added that the utilities pre-funded the program with EFS. NJCEP not able to pre-fund. EFS has been a great partner and they have extended themselves way beyond their capabilities in supporting the PSE&G buy down and are stretched to the limit and are holding work until they get paid by the program which is just another fundamental flaw on the NJCEP picking up the utilities sponsored buy down.
  - g) Mona Mosser (BPU) said she had correspondence with Dave Wolk on the impact to the budget on eliminating the PS buy down and perhaps Joe/Julie could comment on it further asking what the savings expectations were. Is it the savings or is it the issue of holding up everything that is driving this? Joe Gennello said it is savings for sure first and foremost as it is the 2nd most costly line item that we have. Joe also added that operationally there are impacts too that are just as important.
  - h) Overall theme – the importance is being able to get through the year and being consistent.
  - i) Mike Ambrosio– Why are we not lowering the incentives? He thinks it is time regardless of where we come out on this discussion. Joe Gennello responded saying one of the concerns is about the Enhanced Rebate programs and being unified and having these multiple programs what we make the most sense is for NJCEP to have set incentives that stimulates people to partake. Allow the utilities to decide what to do to come along side those incentives. Meaning have NJCEP standalone and not manage around the utilities.
  - e) Mike Ambrosio – Agreed with the thought process, but thinks we should still lower incentives.

- f) Mike Winka thinks that we have to put something in the public forum.
  - g) Joe Gennello on the “either or” solution on the loan if the customer is from SJG or Etown and they choose the incentive over the buy down, the program is not saving anything. Right now it is about 50% of the time.
- 3) Scott Needham (Princeton Air Conditioning) – He thinks it’s valuable to have the financing. When he looks at his company in the Last 8-9 years 60% of their revenue as been doing business with financing. It is a big piece of the market value whether or not the homeowner actually takes it. Just having the option has value. The other piece is something he can figure into his business plan if there is consistency and is communicated which they did not happen this time. He believes most contractors could if there was consistency to plan around.
    - a) Winka – If financing is what contractor’s build their companies on why is that not still an option? Why are customers not doing what they used to do and get their own financing? Brian Bovio said in this economy financing is not available like it was.
  - 4) A contractor on the phone who stated they are a small company doing mostly insulation and air sealing and not pulling the money like the HVAC companies says he does not see the need for the PSE&G financing and he is partially in the PSE&G territory. He thinks we are going to loose the interest of the already confused NJ consumer. He says leave the incentive and do not change that.
  - 5) Anne-Marie Peracchio (NJNG) –Is there another way to slice it other than just either or? Such as give it to people who need it and not to those who do not? Different levels of financing perhaps. Brian Bovio agreed that it does not have to be a 0% interest to everyone.
  - 6) Mike Ambrosio asked Brian Bovio a question about the letter he sent last week and if there were any other key issues in that letter not mentioned here in this meeting. Bovio responded saying he feels it is important to have a contractor incentive to get the contractors to do the right thing. Ambrosio asked - What was your point about the WARMAdvantage financing? Bovio responded maybe we could use the HVAC rebate to help people pay off the loan. This would be double dipping though.
  - 7) Rich Valentino (White Gate Homes) – They do not like anything that requires income qualifying people. Does believe the incentive does not need to be 0%. Does not believe PSE&G should be separated. Wants contractors to have a full understanding of budget at all times.
  - 8) Alice Napoleon (Synapse Energy Economics (Representing Rate Counsel)– Can someone comment on whether and how cost effectiveness of the program was considered in making these proposed changes considerations ? Joe Gennello said it was certainly a consideration. In some there is a reduction in energy savings.
    - a) Anne-Marie Peracchio (NJNG) – At full incentives it passed the cost effectiveness test. By reducing the incentive there is a higher cost benefit ratio.
  - 9) Mona Mosser (BPU) went back to Brain Bovio on his earlier comments asking for clarification. Mike Ambrosio responded saying in summary, there is a need for consistency across state and that 0% is not as important.
  - 10) Anne-Marie Peracchio (NJNG) asked how would the monthly caps work. Joe said they are looking at a few options, but overall it will have to be metered and needs to be something easy for the contractors to explain/understand.
  - 11) Someone in room suggested we poll contractors on how long they believe the \$13M will last. Scott Needham says it will go through pretty quick and it all depends on the throttle system that is put in place. Bovio concurred, unregulated it’ll be quick.
  - 12) Scott Needham (Princeton Air Conditioning) – Says that although the website is less scary now about the suspension, he asked if it could be redone to be even less scary. He thinks there are less leads because of how the website is communicating the suspension. Home Performance staff said they will look at and Joe Gennello asked contractors for their suggestions.

- 13) Jay Murdach (Well Home) says as he works in 12 other markets he thinks this is the most transparent that he seen and he would like to take this format to other markets. One thing they are discovering on the financing side is that customers just like to know that the financing is there and there is some benefit to that although they are having trouble in understanding the exact impact and working with EDA to see if they can quantify.
- 14) Another contractor – Is there way to keep heating and cooling only is HVAC and then the rest go under Home Performance. Lets the heating companies be heating companies in other words. Joe Gennello responded this is something to look at and is more about what we want to do in 2011. Great topic for a technical working group.
- 15) John Donohue (Fuel Merchants Assoc) – Wanted to offer comment on rebate / financing issue from the perspective that it should it Tiered since there is a large % of people do not qualify.
  - a) Bruce Grossman (SJG) – EFS fairly conservative credit score and those who can't get it can probably go to HFMA. Joe said any NJCEP buy down is equivalent to any utility buy down. There is no ARRA buy down except for HFMA and they have a whole different set of rules.

**Next Meeting – July 13th in Trenton**